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F-505B

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
State Capitol, Room 3151
Sacramento, California 95814

Dear Mr. Chairman and Members:

Assemblyman Alister McAlister, Chairman of the Assembly Committee on Finance and Insurance, requested that we review the automation plans of the California Unemployment Insurance Appeals Board (UIAB). We have reviewed the UIAB's efforts to automate its activities and found that the plan appears, for the most part, acceptable. However, certain requirements of the system have not been met by the vendor.

Background

The California Unemployment Insurance Appeals Board is composed of two separate boards: the Lower Authority Appeals Board (lower board), which maintains 11 offices statewide and handles approximately 125,000 cases annually; and the Higher Authority Appeals Board (higher board), which operates from a single Sacramento location and processes about 13,000 appeals per year. Technical personnel to assist in the UIAB's automation plans are provided by the Employment Development Department (EDD).

LOWER AUTHORITY APPEALS BOARD

The lower board's plans for automation include the installation of distributed processors at each of its offices with multiple workstations sharing access to files and information. Offices in the same geographic area will be linked together through a data communications network. Activities to be automated include document preparation, scheduling of resources, and response to claimant and employer inquiries.

System Development

Plans for automation of the lower board began in July 1982 when the EDD submitted a feasibility study to the Department of Finance. This

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report identified word processing, registration, scheduling, and reception as the activities to be automated. A brief description of the automation system follows:

Word Processing: According to the chairman of the UIAB, by November 29, 1984, the lower board had implemented word processing techniques to prepare reports of its decisions and related documents. Decisions issued by the lower board contain between 20 and 30 lines of general, standardized language alternating with more detailed language relating to the specific decision. A word processing system is ideal for handling this alternation of standardized language with the more specific language inserted by specialists such as an administrative law judge (ALJ). The process is also iterative--drafts flow back and forth between the ALJ and the typists until a finished report is ready for release.

Registration: The registration activity begins when the lower board receives an appeal from an unemployment insurance field office or an employment tax district office. According to the automation plan, when a case number is assigned, all pertinent information concerning the case will be entered into the system. Once entered, the information will be available to personnel at all work stations.

Scheduling: After a case is registered, the calendar clerk will automate the scheduling activity. By matching available hearing rooms, ALJ's, employer representatives, interpreters, court reporters, and recording devices, the automated system will prepare a preliminary calendar. After reviewing the preliminary calendar prepared by the system, the calendar clerk will make any necessary changes to produce a final schedule. From this point on, the receptionist will have access to this schedule and can distribute printed copies to appropriate staff members.

Offices located in the same geographical area will be linked together in a data communications network that will allow the scheduling activity to include information on the availability of legal representatives. Receptionists throughout the area will be able to answer inquiries concerning the calendars of all lower board offices in the same geographical area.

Reception: The office receptionist will be able to quickly determine the status of any active case by entering the claimant's case number, social security number, name, employer's name, or unemployment insurance office number. The system will also allow immediate inquiry against a 13-month historical case registration file and against the calendar of scheduled hearings. Claimants or employers may telephone to get information on the status of their appeals and the date, time, and location of their hearings.

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System Hardware

The effort to procure system hardware for the lower board was delayed approximately five months. The award was made finally to International Computers Ltd. (ICL), a British firm, after the low bidder, Datapoint Corporation, was disqualified. The request for proposal included many requirements relating to hardware, software, and system maintenance. Datapoint was disqualified for failing to guarantee the required maximum response time in the event of a system malfunction. After Datapoint was disqualified, the award for system hardware was made to the ICL. After adjustments by the evaluation and selection team, the ICL's bid exceeded the low bid by more than \$200,000. A purchase order was issued in September 1983 for \$762,122.66.

The system to be installed at each office consists of a distributed processor with multiple application processors, work stations, and printers. Some locations will also have data communications equipment. According to the chairman of the UIAB, word processing equipment has now been installed at all offices, and as the applications programs are completed for the other activities, additional equipment will be installed.

Mandatory Requirements for System Software

Many of the system's specifications were mandatory requirements, and a bidder's failure to provide them could result in rejection of that bidder's proposal. Failure to meet at least one of these mandatory requirements resulted in the disqualification of Datapoint, the low bidder. The procurement package awarded to the ICL included many mandatory requirements for the system software.

EDD's data processing division evaluated the system software specifications and noted that the system software provided by the ICL does not meet the requirements of the contract. Specifically, the procurement specifications required the successful bidder to provide a COBOL compiler, a sort/merge facility, the provision for spooling output, the ability to access frequently used text with the use of a single function key, and a file management system that can accommodate five indices for a file. Although the chief of the division states that the ICL is working to resolve some of these deficiencies, he recommends that the UIAB spend at least an additional \$126,000 in order "to have a satisfactorily functioning system."

On June 4, 1985, the ICL outlined steps it was prepared to take to remedy some of the software deficiencies if the the State were willing to pay some of the additional costs and to sign a statement that would, in effect, release the ICL from further obligations, except for continuing support and service, under the existing contract.

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Relationship with the EDD

The EDD prepared the feasibility study for automation of the lower board and assisted the General Services' EDP acquisition unit in the procurement process. According to the chairman of the UIAB, the current automation plan for the lower board does not include any direct link between the systems of the EDD and the lower authority board. There are presently no plans to share files.

HIGHER AUTHORITY APPEALS BOARD

The higher board automation plan is similar to that of the lower board. Plans include provisions to implement a data communication link between the single office of the higher board in Sacramento and the 11 offices of the lower board throughout the State.

The automation plan at the higher board includes word processing, registration, reception, and case management. The higher board purchased the same type of equipment as the lower board did and added its purchase to the lower board's procurement contract.

The higher board's system includes a central processor, 5 application processors, 17 work stations, 6 printers, and associated communications equipment. The system hardware will cost approximately \$100,000. According to the chairman of the UIAB, there are no plans to link the systems of the EDD and the higher board.

Sincerely,


THOMAS W. HAYES
Auditor General

cc: Assemblyman Alister McAlister
Assemblyman Lloyd G. Connelly